

PUBLIC DISCLOSURE

DECEMBER 10, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MEMBERS PLUS CREDIT UNION

111 SOUTH STREET
SOMERVILLE, MA 02143

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Members Plus Credit Union (or the credit union) prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory "

The primary factors supporting the credit union's overall rating include:

Members Plus Credit Union's net loan-to-share and deposit ratio averaged 79.9 percent for the period December, 2001 to September, 2003. This ratio indicates the credit union's willingness to meet the credit needs of its membership.

The distribution of credit to members of different income levels also meets the standards of satisfactory performance given the nature of the membership. Low and moderate-income members represent 17.8 percent of Home Mortgage Disclosure Act (HMDA) reportable loans granted.

The credit union has not received any CRA related complaints since the prior examination. Members Plus Credit Union's fair lending performance was found to be satisfactory at this time.

PERFORMANCE CONTEXT

Description of Institution

Members Plus Credit Union was incorporated in the Commonwealth of Massachusetts on December 30, 1940, as the Boston Edison Employee's Credit Union (BEECU). In April 2000, BEECU merged with Redberry Credit Union and became Members Plus Credit Union.

The credit union's by-laws state that:

Membership in [the credit union] is limited to those who are employed in the utility industry including but not limited to employees of NSTAR, Entergy, Sithe Industries, RCN, Northwind, any corporate subsidiary, affiliate of joint venture as well as any corporate successor thereto. In addition, retirees of such entities, widows and widowers of employees of such entities and persons employed by organizations operated wholly by and for employees of such entities shall be eligible for membership. Furthermore, residents, employers, employees and members of fraternal, religious, civic or social organizations having as their principal place of business, employment, or assembly within the neighborhood of Dorchester, City of Boston, delineated by the Neponset River north along Dorchester Avenue to Columbia Rd. east to Dorchester Bay, South along the coastline to the Neponset River shall be eligible for membership. Also included in those eligible for membership shall be the immediate family members of such member defined as those living in the same household as the member as well as spouses, children, siblings, parents, grandparents, grandchildren and in-laws. Persons not so eligible for membership may have joint accounts with members of the credit union for the purpose of deposit and withdrawal only.

During December 2000, the credit union moved its main office from the Prudential Center to its present location at 111 South Street in Somerville. Since the previous examination, the credit union opened two new branches. On October 1, 2000, the credit union opened a branch at 782 Adams Street, Dorchester and on September 1, 2001, the credit union opened a branch at 26 Dartmouth Street, Westwood. In addition, the credit union maintains branches at 1165 Massachusetts Avenue, Dorchester and 600 Rocky Hill Road, Plymouth. The Somerville office and the Massachusetts Avenue Branch in Dorchester have regular hours Monday to Friday. The Westwood Branch has regular hours Monday to Friday with extended hours on Wednesday. The Plymouth Branch has limited access and is open Monday, Tuesday, Thursday and Friday from 6:30am to 3:30pm. The Adams Village Branch located on Adams Street in Dorchester has regular hours Monday to Friday with extended hours on Thursday and Saturday. The credit union has Automated Teller Machines (ATMs) at all locations except the Westwood branch. The ATMs are linked to the following networks: NYCE/Cirrus and the NYCE deposit network. The credit union also belongs to SUM, an alliance of community banks, which do not invoke ATM surcharges for customers of banks who are also members of the alliance.

The types of credit offered by the credit union consist of real estate loans secured by first or second mortgages, home equity lines of credit, new and used automobile loans, personal unsecured loans, lines of credit unsecured and share secured loans.

As of September 30, 2003, the credit union had total assets of \$211.7 million. The credit union has a net loan to asset ratio of 68.9 percent. Currently, the credit union has 88.4 percent of the loan portfolio in the form of real estate loans/lines of credit. In addition, 11.3 percent of the loan portfolio is in the form of consumer loans, and 0.3 percent in the form of all other loans/ lines of credit.

Refer to the following table for details.

Loan Portfolio as of December 31, 2001

Type of Loans	\$(000)	% total
Loans Secured by Real Estate		
a. First Mortgage Real Estate Loans	121,051	82.6
b. Other Real Estate Loans/Lines of Credit	8,553	5.8
Subtotal -	129,604	88.4
Consumer Loans		
a. Unsecured Credit Card Loans	1,658	1.2
b. All Other Unsecured Loans	7,211	4.9
c. New Vehicle Loans	3,855	2.6
d. Used Vehicle Loans	3,808	2.6
Subtotal	16,532	11.3
All Other Loans/Lines of credit	462	0.3
Total Loans	146,598	100.0

Source: Statement of Financial Condition as of 09/30/2003

The credit union has an active CRA Committee made up of the Treasurer/CEO, Executive Vice President, Marketing Director and three members of the Board of Directors. The Committee meets quarterly and is responsible for overseeing the credit union's CRA and fair lending efforts.

Members Plus Credit Union was last examined for compliance with CRA by the Division on September 8, 1999. That examination resulted in a CRA rating of "Satisfactory".

Description of Assessment Area

In accordance with the revised Massachusetts CRA regulation, 209 CMR 46.41(8), which states: "Notwithstanding the requirements of this section, a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area." Members Plus Credit Union has elected to identify its assessment area in this manner. The credit union's membership (per its bylaws) is described above.

As of September 30, 2003, the credit union's membership totaled 11,236 with a potential of 30,000 members.

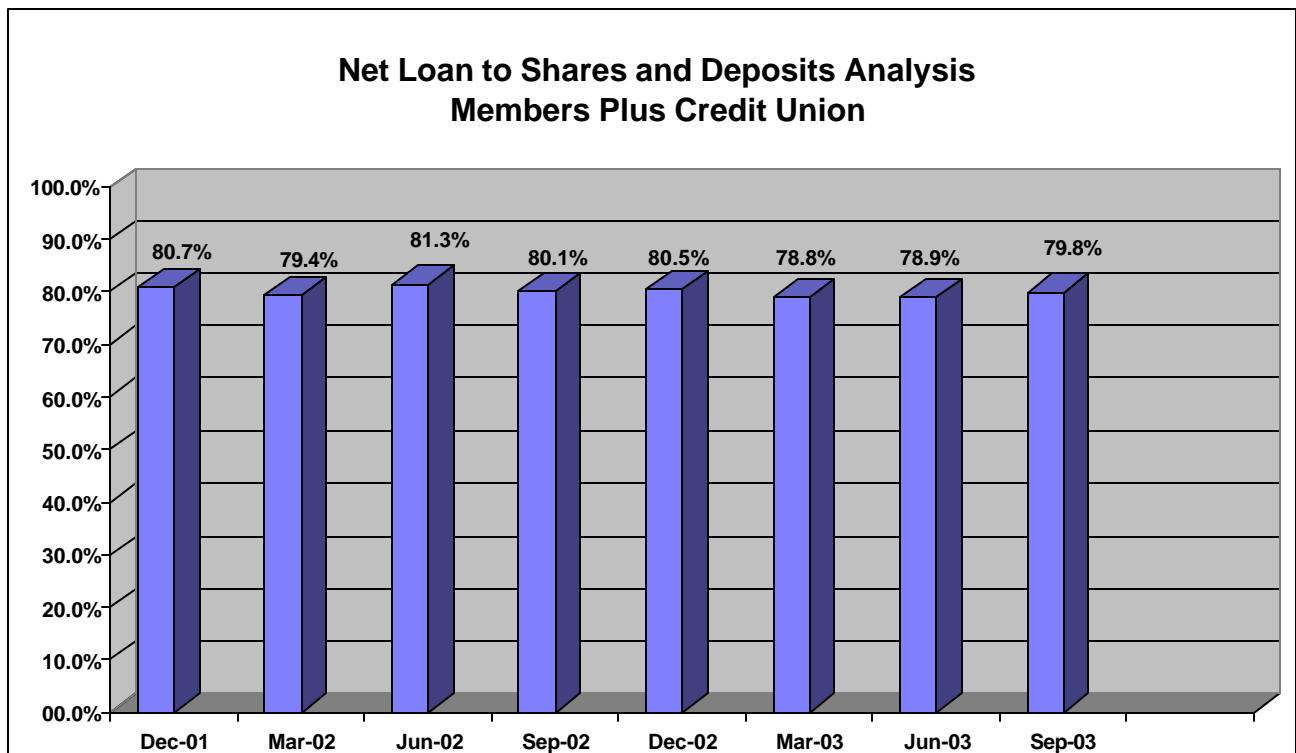
PERFORMANCE CRITERIA

1. NET LOAN TO SHARE AND DEPOSIT ANALYSIS

An analysis of the credit union's net loan to shares and deposits ratio was performed during the examination. The calculation incorporated five National Credit Union Administration (NCUA) 5300 Call Reports of the credit union's net loan to total share and deposit figures. This review included the reports from December 31, 2001 through September 30, 2003.

The institution's average loan to share and deposit ratio for the period under review was determined to be 79.9%. The analysis revealed that during the period the ratios have maintained a steady pattern.

The following graph illustrates the credit union's Net Loan to Shares and Deposits ratios.



Loans increased by approximately 10.7 percent and shares and deposits have grown by approximately 12.0 percent resulting in very little change in the net loan to shares and deposit ratio for the period under review.

Members Plus Credit Union's average net loan to share and deposit ratio was compared to the ratios of five other industrial credit unions of similar asset sizes. The ratios used for the credit union and the other comparable credit unions were as of September 30, 2003. These percentages range from a low of 67.9 percent to a high of 81.7 percent. Members

Plus Credit Union compares favorably to these other institutions. Refer to the following table.

INSTITUTION	NET LOAN TO DEPOSIT RATIO
Harvard University Employees	67.9%
Quincy Municipal	68.8%
Mass. Institute of Tech FCU	74.6%
City of Boston	76.2%
Members Plus	79.8%
MBTA Employees	81.7%

Based on the above information and the credit union's capacity to lend, the capacity of other similarly-situated credit unions to lend to their members, the types of loans available at the credit union, and the lending opportunities available for its membership, the net loan-to-share and deposit ratio is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)

According to the Massachusetts CRA regulation, 209 CMR 46.42, a credit union whose by-laws are not based on residence may define its assessment area as its membership. Because a membership defined assessment area does not consider any fixed limits based on geography, an analysis involving credit extended inside a particular defined geographic area compared to credit extended outside of a particular geographic area is not meaningful.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of HMDA reportable loans extended by the credit union among various income levels was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 2002 and 2003 estimated median family incomes of the Boston Metropolitan Statistical Area (MSA). The Boston MSA was used because the vast majority (76.8%) of loans originated were within this MSA. The median incomes for the Boston MSA were \$74,200 and \$80,800, respectively. Income figures were based on estimated data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

The following table provides a breakdown of HMDA reportable loans originated among the credit union's membership by applicant income level.

<i>Distribution of HMDA Reportable Loans by Borrower Income</i>						
<i>Median Family Income Level</i>	2002		2003		TOTAL	
	#	%	#	%	#	%
<i>Low</i>	4	1.1	12	5.5	16	2.8
<i>Moderate</i>	48	13.3	39	17.7	87	15.0
<i>Middle</i>	127	35.3	69	31.4	196	33.8
<i>Upper</i>	179	49.7	100	45.4	279	48.1
<i>N/A</i>	2	0.6			2	0.3
<i>Total</i>	360	100.0	220	100.0	580	100.0

Given the nature of the credit union's membership, the above analysis appears to reflect the Members Plus Credit Union membership. Therefore, the credit union's loan distribution to borrowers of different income levels meets the standards for a satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

Based on the fact the credit union defines its assessment area as its membership, as opposed to a geographical area an analysis of credit extended by census tract was not conducted, as any such analysis would not be meaningful.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

RESPONSE TO COMPLAINTS

The credit union has not received any CRA related complaints since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

The credit union has a "Commitment to the Community Reinvestment Act and Policy Statement" that is comprehensive in nature and addresses specific areas such as loan review, staff training, fair lending procedures, loan application and evaluation process.

Members Plus Credit Union meets the level of satisfactory performance relating to Fair Lending Policies and Procedures.

Members Plus Credit Union's Fair Lending Activities

The credit union offers in house seminars that feature CRA, Equal Credit Opportunity Act (ECOA) and compliance training. In house training programs are also offered for the credit union's employees.

The performance levels achieved by Members Plus Credit Union in lending to borrowers of different income levels indicates that the credit products offered, the marketing efforts and seminars are conducive to meeting the needs of its membership. To insure consistency in underwriting practices, the credit union has implemented a second review practice that has a loan officer, a senior loan officer, the vice president of lending and the chief executive officer reviewing all denied credit applications. After the officers have completed their review, the application is sent to the credit committee for final action.

In addition, a review was conducted for compliance with fair lending laws and regulations and no violations were noted.

Minority Application Flow

A review of the 2002 and 2003 HMDA data indicates that the credit union received 53 applications from minorities and 40 or 75.5% were originated. Of these, 26 were from Blacks, 12 were from Hispanics, 4 were from Asians, 1 was from an American Indian and 10 were Joint Race.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

MEMBERS PLUS CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **December 10, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.